EXHIBIT 11

page, it says that:

"HP reviews goodwill for impairment annually as of the first day of its fourth fiscal quarter and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. HP's goodwill impairment test involves a two-step process. In the first step, HP compares the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, HP must perform the second step of the impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognised intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss."

So that's what actually happened, that was the process that was actually gone through, wasn't it?

A. But you have to start to figure out what the value is even in step one of this analysis. The step one that we go through is that we figure -- we get a bottoms-up forecast from our businesses and based on that bottoms-up forecast and using discount rates which we think are appropriate for the business -- and each business can have a different discount rate at that point in time based on the market -- we roll that up, and it adds up to a number. And if that number -- actually you make adjustments to come to the equity value, but if that equity value is larger than the market price plus 30%, we then take an additional step in our process, not an accounting process, to determine how we're going to adjust the discount rates in order to, in my mind arbitrarily but we have to from an accounting perspective, get to within 30% of what the stock is trading at.

For me, I wasn't referring to this two-step process, I was referring to what actually happens each time we do an impairment analysis in the fourth quarter.

MR JUSTICE HILDYARD: Who is "we" and "our"?

A. Good question. So each of our businesses has a business unit CFO and a head of that business and they would work together on putting together the ten-year forecast and a terminal growth rate. Then from that, as I understand it and this actually I came to learn, is that we send that off to Duff & Phelps, the firm that we typically use for valuation, and they calculate what the DCF value is of each of those units. Once we, in this case, first level, the controllership starts with it, they roll up the sum of the parts. And then -- and we saw this yesterday in the series of emails -- there is then a process in which we take that and bring it down to within 30% of the market value -- I'm sorry, the external value of HP. And at the point that -- they do some of that work and then they sit down with me and they run me through it and they say, "This is the assumptions we've made around discount rates, do you agree with our relative increase in premiums that we applied to the discount rates in the market cap recon, or would you tweak them? How would you do them differently? And kind of what's your thought process, Cathie?" and I ask them what their thought process is, the controller and I, and we then determine what we think the right premiums are to add to the discount rate. So that's why I think of it as really two distinct processes; one in which we're truly trying to come up with what the value is and then one in which we're trying to adhere to the accounting construct which means you have to get within 30% of your market cap.

MR MILES: And it is at that second stage, as you saw it, that there's an arbitrary element in increasing the WACC in order to get under the 130%?

A. That is my perspective. I know the accountants do not necessarily agree with me, but, yes, I do think it's arbitrary.

Q. When you were talking about two stages in your mind then, it's not describing precisely the same thing as we see in the accounts here?

A. No.

Q. Just on page 113 --

A. Actually, could I just say. The first step in this document, which is very specifically prescripted by the accounting literature, how they get to that point is the two-step process I just talked about. The bottoms-up and then the market cap recon is the first step that they're referring to in this summary of how we get to goodwill.

Q. Well, I'm not sure whether that's right, because if you go back to the first step, the first step is to compare the fair value -- can we go back on to the previous page, please {d3/41/113}. The carrying value, you'll see that the first step is to compare the fair value of each reporting unit to its carrying value and then it's only if at that stage the fair value is less than the